

MINUTE ITEM

4. (REQUEST FOR DEFERMENT OF COMMENCEMENT OF OPERATIONS, MONTEREY OIL COMPANY, HUNTINGTON BEACH FIELD, ORANGE COUNTY - P.R.C. 1550.1.)

Following presentation of Calendar Item 33 attached, it was concluded to be desirable to grant the deferment requested only until September 1, 1958, in conformance with a prior grant of deferment for adjoining lease P.R.C. 1549.1.

UPON MOTION DULY MADE AND UNANIMOUSLY CARRIED, THE FOLLOWING RESOLUTION WAS ADOPTED:

THE ACTING EXECUTIVE OFFICER IS AUTHORIZED TO GRANT MONTEREY OIL COMPANY, OPERATOR, A DEFERMENT OF THE OPERATING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1550.1 TO SEPTEMBER 1, 1958, SUBJECT TO THE CONDITION THAT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS DURING THE PERIOD OF THE DEFERMENT:

1. INITIATE OPERATIONS ON THE LEASE.
2. QUITCLAIM THE ENTIRE LEASE AREA.
3. PRESENT NEW ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.

Attachment

Calendar Item 33 (2 pages)

CALENDAR ITEM

OIL & GAS

33.

(REQUEST FOR DEFERMENT OF COMMENCEMENT OF OPERATIONS, MONTEREY OIL COMPANY, HUNTINGTON BEACH FIELD, ORANGE COUNTY - P.R.C. 1550.1.)

On March 11, 1957 (Minute Item 5, page 3024) an extension of deferment of the time to commence operations under Lease P.R.C. 1550.1 was granted to October 16, 1957, subject to the condition that the lessee would perform one of the following actions during the period of the deferment:

1. Initiate operations on the lease.
2. Quitclaim the entire lease area.
3. Present new adequate bases for consideration as to any further deferment of the drilling and operating requirements under the lease.

A request has now been received from the Monterey Oil Company, operator under Oil and Gas Lease P.R.C. 1550.1, for an additional deferment of the time to commence operations under Lease P.R.C. 1550.1.

The Monterey Oil Company has reported that due to litigation involving titles to tide and submerged lands in Orange County, including the subject lease area, the question of conducting further operations is a matter of serious concern to the lessee. Section 11 of the subject lease provides:

"The obligations imposed upon Lessee by the provisions of this lease may be suspended during such time as the Lessee is prevented from complying therewith by wars, strikes, riots, acute and unusual labor or material shortages, acts of God, laws, rules and regulations of any federal, state or municipal agency or by such unusual conditions as are beyond the control of the Lessee."

A deferment of lease operations until the title to the lease area has been cleared, and for a period of time thereafter as would enable the lessee to resume operations, has been requested by the lessee.

On May 18, 1956 (Minute Item 18, pages 2686-88) the Commission deferred action in connection with offering oil and gas leases in Orange County until such time as the office of the Attorney General and the staff have had an opportunity to explore further the problems involved.

IT IS RECOMMENDED THAT THE COMMISSION AUTHORIZE THE ACTING EXECUTIVE OFFICER TO GRANT MONTEREY OIL COMPANY, OPERATOR, A DEFERMENT OF THE OPERATING REQUIREMENTS UNDER OIL AND GAS LEASE P.R.C. 1550.1 TO OCTOBER 16, 1958, SUBJECT TO THE CONDITION THAT THE LESSEE WILL PERFORM ONE OF THE FOLLOWING ACTIONS DURING THE PERIOD OF THE DEFERMENT:

OIL & GAS 33. (CONTD.)

1. INITIATE OPERATIONS ON THE LEASE.
2. QUITCLAIM THE ENTIRE LEASE AREA.
3. PRESENT NEW ADEQUATE BASES FOR CONSIDERATION AS TO ANY FURTHER DEFERMENT OF THE DRILLING AND OPERATING REQUIREMENTS UNDER THE LEASE.